



FORECLOSURE SALE

154 UNIT APARTMENT COMPLEX

IN Duluth, MN



GATEWAY TOWER APARTMENTS

Is offered for sale at foreclosure.

Bids will be accepted orally on:
Friday, March 25, 2011
at: 12:00 noon (local time)

at: Sheriff's Office
St. Louis County Courthouse, Rm. 103
100 North 5th Ave. West
Duluth, MN 55802



U. S. Department of Housing and
Urban Development

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|---|--|
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PROCEDURES AND FORMS REQUIRED TO COMPLETE BID AND PURCHASE

New Procedure Requirements – Previous Participation Certification

Participants are now allowed the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. Bidders must comply with registration and 2530 requirements as outlined in ATTACHMENT B, TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER, Rider 1. For more information see Section 1 – Introduction and General Information, Section 2 – Previous Participation Certification and Section 4 – Submission of Post Bid Documents.

**THESE FORMS ARE AVAILABLE AT <http://www.hud.gov/offices/adm/hudclips/forms/>
OR CLICK ON THE URL BELOW TO OBTAIN THE FORM**

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://www.hud.gov/offices/adm/hudclips/forms/files/2530.pdf
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://www.hud.gov/offices/adm/hudclips/forms/files/92417.pdf
<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD-935.2A) http://www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://www.hud.gov/offices/adm/hudclips/forms/files/9832.pdf
<input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-a.pdf
OR <input checked="" type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-b.pdf
OR <input type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only http://www.hud.gov/offices/adm/hudclips/forms/files/9839-c.pdf

(Only one of these forms, 9839a, b or c, will be required for management certification.)

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **DEFINITION OF INVITATION FOR BID** - This document, including attachments, exhibits, and any amendment thereto, constitute the Invitation for Bid (Invitation) for GATEWAY TOWER APARTMENTS, FHA Number; 092-44804. PROPERTY AT A GLANCE, Attachment A to this Invitation, contains a summary of facts, figures, and most terms of the sale. This Invitation also includes **information concerning Previous Participation Certification (Form HUD-2530) requirements** and a list of the forms necessary to complete a responsive bid.
 2. **BID RESPONSIVENESS** - A bid must be responsive to the terms of the sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the foreclosure sale are those set out in the Invitation for Bid, especially the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder (Acknowledgment) and Foreclosure Sale Use Agreement. Lack of earnest money deposit, as required by this Invitation, will be cause for bid rejection.
 3. **SALE TO HIGHEST QUALIFIED BIDDER** - Sale of this project will be made to the highest responsive, qualified Bidder.
 4. **NO REDEMPTION PERIOD** - This sale is not subject to redemption by the previous owner.
 5. **BID ACCEPTANCE OR REJECTION** - HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any Bidder HUD determines lacks the experience, ability or financial responsibility needed to own the project and to provide management acceptable to HUD.
 6. **CANCELLATION OF SALE** - HUD reserves the right to cancel this Invitation for Bid and/or reject any and all bids.
 7. **BIDDER'S DUE DILIGENCE** - Bidders are encouraged to perform their own due diligence to gain a full understanding of the project and the conditions of sale before submitting a bid.
 8. **POST-CLOSING REQUIRED REPAIRS** - Repair requirements that must be completed after closing, if applicable to this sale, are included in the Form HUD-9552, Post-Closing Repair Requirements, and Exhibits, Attachment E, to this Invitation. The repair requirements listed in Attachment E survive the sale and will be recorded with the Deed. **NOTE:** the Form HUD-9552 and exhibits reflect **cost estimates** of the required repairs.
- While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**
9. **RECORDATION OF CERTAIN DOCUMENTS** - Attachment E, Post Closing Repair Requirements (Form HUD 9552) and attachments, if provided herein, and Attachment C, Use Agreement, with riders, if provided herein, will be recorded with the Deed.
 10. **SOURCE FOR ADDITIONAL INFORMATION** - Should you need further information, please call the contact Margaret Laakso, Realty Specialist, at (817) 978-5821.

SECTION 2 - PREVIOUS PARTICIPATION CERTIFICATION

PREVIOUS PARTICIPATION FOR PARTICIPANTS IN THE MULTIFAMILY PROGRAMS- New Procedure Requirements - Participants in Multifamily foreclosure sales, either as purchasers or management agents are required to register in HUD's Active Partners Performance System (APPS) which allows for the electronic submission of Previous Participation Certification Form HUD-2530 on HUD's Secure Systems Internet site. **Registration is not mandatory in order to bid at the foreclosure sale. However, it is suggested that all potential bidders registering for the first time in APPS do so at least two weeks prior to the sale.** . Instructions for registering for both "Secure Systems" and APPS are located on the [Active Partners Performance System \(APPS\) web site](#). Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

Be advised, that if a Management Agent will be participating in the management of the property, or if you are changing principals, adding principals, changing the name, or changing tax identification from information already recorded in APPS, **it is the high Bidder's responsibility to ensure that all participants register and complete the 2530 process within the prescribed time frames.**

Failure of any participant to submit a Previous Participation Certification (HUD Form 2530) or other required documents within the indicated time frame shall be grounds for rejection of the bid.

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL** - In order to submit a responsive bid to this Invitation, a Bidder must submit the items indicated in this Section, and the additional documents/items, as indicated in Section 4, Paragraphs 2 and 3.
2. **BIDDING AT THE FORECLOSURE SALE** -
 - (a) The foreclosure sale is an oral, open bid sale that takes place at the date, time and place indicated in the attached Property at a Glance.
 - (b) The Bidder must either:
 - (i) State a bid price orally at the sale, **or**
 - (ii) Submit a written bid to the person that conducts the sale two (2) business days before the date of sale.

Written bids, if received, will be read aloud at the sale before oral bids are accepted. Only the person that submitted the written bid, or an agent thereof may raise a written bid price. Please call the contact person indicated in Section 1, Paragraph 10 above, for details regarding submitting a written bid.

3. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE**

(a) Earnest Money Deposit:

- (i) The earnest money deposit, for not less than the amount specified in the Property at a Glance, must be submitted prior to presenting an oral or written bid.
- (ii) The deposit must be in the form of a money order, certified, cashier's or other banker's check payable to:
THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
- (iii) No other method of payment for the earnest money deposit is acceptable
- (iv) A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization.
- (v) Lack of proper deposit will be cause for rejection of the bid by HUD.
- (vi) Immediately following the sale, earnest money will be returned to those whose bids have been rejected.

(b) Acknowledgment - Immediately after the foreclosure sale has been completed, the high Bidder must submit **ONE** signed copy of the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder to the person that conducts the foreclosure sale.

4. **CORRECTIONS** - Any changes or erasures made to a written bid may be made by the Bidder only and must be initialed.

5. **TELEGRAPHIC OR FACSIMILE BIDS** - Telegraphic or facsimile bids and/or bid modifications will not be considered for award.

6. **VERBAL NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER** - The high and second high Bidder will be notified verbally of their bidding positions by the person that conducts the foreclosure sale immediately after the foreclosure sale is completed.

7. **REJECTION OF LOWER BIDS** - All bids, other than the high bid and second high bid, will be rejected verbally at the foreclosure sale by the person that conducts the foreclosure sale.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

1. **CONTINUATION OF OFFERS** - The high bid shall be deemed to be a continuing offer from the time of the foreclosure sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Foreclosure Sale Use Agreement or until thirty (30) days after the foreclosure sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired.

2. **SUBMISSION OF POST-BID DOCUMENTS**

➤ **TWO (2) DAYS AFTER FORECLOSURE SALE (FEDERAL WORKING DAYS) -**

(a) **Previous Participation Certification:**

(i) **Electronic filing - APPS and Secure Systems (e2530)**

- a. **Bidders not registered in APPS and Secure Systems:** The high Bidder must register in the **Active Partners Performance System (APPS)**, which allows for the electronic submission of Previous Participation Certification (e2530), **and** the HUD's Multifamily Secure Systems **not later than two (2)** Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions,
- b. **Bidders previously registered in APPS and Secure Systems:** The high Bidder must enter the APPS system and print a copy of the Participant Detail page. That copy must be faxed to the Realty Specialist at (817) 978-5855.

(ii) **Paper Filing - not later than two (2)** Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the following must be submitted:

- a. **Form HUD 2530** - The completed paper Form HUD-2530s, with original signatures, for the purchasing entity and all principals must be received in the Fort Worth HUD office. **Only existing entities with tax identification numbers will be accepted.** A "to be formed" entry will not be accepted.
- b. **Organizational Chart** -an organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership.

(b) **Certification of Substantial Compliance** - the **complete and original** (Attachment F) must be received in the Fort Worth HUD office within 2 days of the foreclosure sale date.

➤ **FIVE (5) DAYS AFTER FORECLOSURE SALE - (FEDERAL WORKING DAYS)** Not later than five (5) Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit a Written Statement of Experience as required below in paragraph 3.

➤ **TEN (10) DAYS AFTER FORECLOSURE SALE - (FEDERAL WORKING DAYS)** Not later than ten (10) Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit additional information to the contact person listed above in Section 1, Paragraph 10.

<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD 935.2A)
<input checked="" type="checkbox"/>	Form HUD- 2530 for Purchasing Entity, if different from bidding entity, See Section 2 for procedure

<input checked="" type="checkbox"/>	Paper Form HUD- 2530 for the Managing Agent, or submission of the "Participation Detail" page evidencing prior registration in APPS, or the "Participant Successfully Registered" page establishing the Management Agent's initial registration in APPS.
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD 92417)-for each proposed principal/general partner
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD 9832)
<input checked="" type="checkbox"/> OR <input checked="" type="checkbox"/> OR <input checked="" type="checkbox"/>	Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A): Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839 B): Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only) (Only one of these forms will be required for management certification.)

- **FIFTEEN (15) DAYS AFTER FORECLOSURE SALE** – If the Management Agent or the High Bidder (owning entity) elected to file the required Form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within 15 days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-5855. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID

(a) Required Bidder Qualifications to Purchase Property:

It is the objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable housing resources. To accomplish this objective, the Department will only permit a bidder to acquire a property from HUD's foreclosure sale who has the financial capacity and generally 5 years of demonstrated experience in successfully owning and managing distressed and troubled multifamily properties as viable, low-income housing resources.

The Department will evaluate, starting with the highest bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Property based on the submission of the documentation described below, any other information independently verified by HUD and any other information required by the Bid Kit. The documentation must demonstrate that the bidder owns and is successfully managing and operating properties of similar size and characteristics (including problematic complexities) as the Property being sold. The documentation will be used to determine whether the bidder has the required demonstrated experience and financial capacity to acquire and successfully transform the Property into a long-term, viable affordable housing resource. HUD shall, in its sole discretion, accept or reject any bid submitted in the sale of the Property. The review and approval of the Previous Participation Certification (form HUD-2530) is required, for the purchase of the Property. However, Previous Participation Certification approval is only a threshold to HUD's review and potential approval of all other required documentation.

All of the following required documentation must be submitted to HUD within five (5) Federal government working days of the date of the foreclosure sale.

Required Documentation:

Written Statement of Experience: Bidder must submit a written statement demonstrating generally five (5) years of experience in successfully owning and managing properties similar to the property being sold. The statement shall provide the following information for all similar properties to the property being sold, not to exceed three (3) specific examples. The written statement should not exceed five (5) pages per property.

- The location of other owned multifamily properties.
- The number of units and construction type (garden, walk-up, hi-rise) for each property.
- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.
- Identify the social needs of each property and how they were addressed.
- Identify the economic needs of each property and how they were addressed.

For the Property being sold, provide the following documentation:

- Describe how bidder will satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
- Describe how bidder will implement a sound financial and physical management program for the Property.
- Describe bidder's methods for responding to the needs of the tenants and working cooperatively

with resident organizations.

- Describe how bidder will provide adequate organizational staff and financial resources to the property.
- Provide statement of services, maintenance and utilities which bidder will provide to property.
- Provide a statement disclosing whether other government assistance will be utilized in conjunction with the Section 8 assistance if HUD is providing project-based Section 8.

Based on the required documentation, set forth above as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Property. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Property, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation to Bid.

In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of the bid and supporting documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications or financial capacity to successfully own and operate the Property, or omitted a material fact(s), HUD will retain the bidder's earnest money deposit as liquidated damages and may seek any and all additional available remedies.

HUD may require the high Bidder to obtain the services of a qualified property management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to closing.

- (i) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
- (ii) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.
- (b) If HUD rejects the high Bidder, and HUD elects to contact the second high bidder, the second high Bidder will be given twenty-four (24) hours to submit the earnest money deposit and will be reviewed to determine if qualified to purchase the project.
 - (i) If HUD approves the second high Bidder as being qualified, second high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the second high bid is rejected due to HUD's determination that the second high Bidder is not qualified to purchase the project, HUD will notify the second high Bidder in writing.
- (c) HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual indicated in the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder.
- (d) The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the foreclosure sale.

4. HANDLING OF THE EARNEST MONEY DEPOSIT

- (a) The earnest money deposit of the high Bidder will be held by HUD. If HUD determines the high bid/Bidder to be acceptable and the high Bidder complies with the provisions outlined in Attachment B, the earnest money deposit will be applied to the sales price at closing. If HUD does not accept the high bid, the high Bidder's earnest money deposit will be refunded, unless Bidder has failed to comply with the provisions outlined in Attachment B, Acknowledgment by Bidder, Rider 1, "Previous Participation Certification and Submission of Documents Prior to Closing".
- (b) Interest will not be paid on earnest money deposits.

- 5. **REVIEW OF PROJECT MANAGEMENT** - HUD will review the statements and forms submitted as required by Rider 1 to the Acknowledgment By Bidder (Attachment B), to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administrate the type and nature of property being offered for sale. HUD may elect to discuss project management plans after submission of the post-bid documents by the high Bidder. HUD reserves the right to reject the bid of any Bidder and retain the Earnest Money Deposit, if the Bidder does not provide management acceptable to HUD.
- 6. **CLOSING DATE REQUIREMENT** - The closing date will take place within the time period specified, in accordance with the Acknowledgment, Attachment B.
- 7. **EXTENSION OF CLOSING** - The right to extend the sales closing is expressly reserved by HUD as set forth in the Acknowledgment, Attachment B.

SECTION 5 - CLOSING

- 1. **EXECUTION OF USE AGREEMENT** - The Bidder must execute Attachment C, "Foreclosure Sale Use Agreement," at closing. HUD will have the Foreclosure Commissioner's Deed, Use Agreement and all attachments recorded
- 2. **CLOSING DATE AND PLACE** - The closing date and place shall be as determined by the person that conducts the foreclosure sale and/or HUD. The Bidder will be notified of said date and place by the person conducting the foreclosure sale.
- 3. **CASH DUE AT CLOSING** - Cash due at closing is the remainder of the purchase price less the earnest money deposit received, plus or minus any prorations, if any. Cash due at closing includes all initial deposits to reserve accounts, if applicable.

4. **PRORATIONS** – There will be no prorations except for the proration of property taxes prepaid by HUD, if any. High bidder is responsible for paying all outstanding property taxes and utility bills including, but not limited to, water/sewer, gas, electric, etc, as well as any other liens/assessments encumbering the property not extinguished by the foreclosure sale action.
5. **CLOSING EXPENSES** - Irrespective of local custom, the Bidder shall pay all closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance as may be requested by the Bidder. HUD will pay recording fees for the transfer of title and recordation of the Use Agreement.
6. **METHOD OF PAYMENT** - Cash due at closing shall be paid in the form of a money order, certified, cashier's or other bank check made payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**, in accordance with the Acknowledgment, Attachment B.
7. **LETTER OF CREDIT** - If Post-Closing Repair Requirements described in Attachment E are included in this sale, the Bidder, at closing, shall provide HUD with an unconditional, irrevocable, and nondocumentary Letter of Credit (LoC), or a group of no more than five (5) LoCs, in the amount stated in the Property at a Glance. Such LoCs shall expire no earlier than six (6) months after completion of the stated required repairs. HUD will release the undrawn balance in the LoCs six (6) months after completion of repairs. Such undrawn balance shall be of an amount equal to ten percent (10%) of HUD's total estimated repair costs.
8. **CONVEYANCE** - Conveyance of the project shall be by Special Warranty Deed from the person that conducts the foreclosure sale. The deed will not contain any warranty of title.
9. **RECORDATION OF DEED** - HUD shall record the Deed and all other recordable documents. All recordation costs for the transfer of title and the Use Agreement shall be at the expense of HUD.
10. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING**
☒ **Foreclosure Sale Use Agreement** ☒ **Letter(s) of Credit** ☒ **Closing Statement**
☐ **Other:**

SECTION 6 – DISCLAIMERS

1. **DISCLAIMER**
 - (a) Bidders interested in purchasing this project are expected to acquaint themselves with the property, and to arrive at their own conclusions as to; physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the property. Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation for Bid and in any Addendum hereof.
 - (b) While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS** - Any oral statement or representation by any representative of HUD changing or supplementing this Invitation for Bid or Addendum hereof, or any condition hereof, is unauthorized and shall confer no right upon the Bidder (Purchaser).
3. **HUD LIABILITY** - In any case, with respect to any claim against HUD, the extreme measure of HUD's liability shall not, in any event, exceed refund of the purchase price, or such portion thereof as HUD may have received.

Property at a Glance

GATEWAY TOWER APARTMENTS FHA#: 092-44804

ADDRESS: **600-632 W.Superior S Duluth, MN 55802** EARNEST MONEY: **\$75,000** SALES PRICE: **UNSTATED MINIMUM**
 COUNTY: **Saint Louis** LETTER OF CREDIT: **\$114,440** TERMS: **All Cash-As Is** SALE TYPE: **Foreclosure**

PROPERTY INFORMATION

Total Units			Residential			Commercial			Foundation:		Concrete
154			Revenue 154			1			Roof:		Flat single-ply rubber (1997)
			Non-Revenue 0						Exterior:		Cast-in-place concrete
									Floors/Finish:		Concrete /VCT & carpet
Elevator	Garden	Walk-up	Townhouse	Scattered Sites	Service Center	Mobile Home Park	Nursing Home	Vacant Land	Other:		
X											
Number of Buildings			Stories			Year Built			Rehab Year		Approximate Site Acreage
1			14			1972			N/A		1.14 +/-
											Approximate Net Rentable Area

Mechanical Systems

Heating:		Air Conditioning	
Fuel	Steam	Windows	None
System	Central		Insulated
Hot Water:			
Fuel	Steam		
System	Central		

Utilities

Public Water	X
Gas Main	
Electric	X
Sanitary Sewer	X
Storm Sewer	
Steam Co-op	X

Parking

Street	Concrete
Curb	Concrete
Sidewalk	Concrete
Parking Lot	Asphalt
Parking Spaces	58

Apartment Features

	Air Conditioning
	Dishwasher
	Microwave
	Garbage Disposal
X	Refrigerator
X	Range/Oven
X	Drapes/Blinds

Community Features

	Garage
	Covered Parking
X	Laundry Facility
X	Cable/Sat Hookup
	Playground
	Pool
	Community Space

Owner Expense

Water
Electric
Steam

Tenant Expense

Cable

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009	89%	90%	86%	89%	87%	88%	88%	86%	96%	90%	91%	92%
2010	89%	88%	88%									

ESTIMATED ANNUAL RENTAL INCOME:

Number of Units	Type	Approx Square Feet	Current Rent	Estimated /Possible After Sale Rent	Estimated /Possible Total After Sale Rent	Total Estimated/Possible Annual Income	
12	Eff.		\$266	\$266	\$3,192	Rent	\$615,960
142	1 bd.		339	339	48,138	Commercial	
						Parking	
						TOTAL	\$615,960
						Estimated Annual Expenses	
						Administrative	\$156,000
						Utilities	203,000
						Operating	102,000
						Taxes/Insurance	138,000
						Reserve/Replace	46,200
TOTAL MONTHLY					\$51,330	TOTAL	\$645,200

COMMENTS CONCERNING PROPERTY INFORMATION:

Domestic hot water is supplied by a city steam co-op. The steam is routed to a shell and tube heat exchanger that provides heat to a heating water loop. The individual units are heated by hot water baseboard heaters with a thermostat in each unit.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

20 Years affordable housing.

N/A Years rent cap protection for 0 residents.

No Project-based or Tenant-based Section 8 rental assistance is being offered with this property.

TERMS OF SALE

- The purchaser must complete the repairs to HUD's satisfaction within **12 months** after closing. The repairs are estimated to cost **\$457,760.**
- The purchaser must complete demolition to HUD's satisfaction within **N/A months** after closing. The demolition is estimated to cost **\$0.**
- Closing is to be held **30 days** after HUD accepts the bid. If HUD authorizes an extension of the closing, the purchaser must pay a fee which is the greater of 1.5% of the purchase price or HUD's holding costs of **\$31.17 per unit per day** for each 30 day period.
- Riders placed in the Deed will include the following: **Lead-Based Paint Hazards, Asbestos Hazards, Rehabilitation and Relocation, Non-discrimination against Multifamily Sec.8 Voucher Holders, Affordability of Units, Mold Hazards**

In 2007 Minnesota made significant changes to the Elevator Code including a number of retroactive codes. Please check the following sources for information: www.dli.MN.gov/CCLD/elevator.asp & www.dps.state.MN.US/fmarshal/fmarshal.html. State Fire Marshal phone numbers 651-248-5005 & 1-800-342-5354. You may also contact the Duluth Fire Marshall Eric Simonson at 218-7307-4398 regarding these requirements.

Potential investors should also check the Minnesota Department of Public Safety Carbon Monoxide Alarm Requirement and potential needs as relates to this property.

The Repair Requirements listed on the HUD9552 & the Work Write-up do not address repairs that may be required for compliance with the Elevator Code or the Carbon Monoxide Alarm Requirements.

NOTICE: Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588.

For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

This is an "All Cash – As Is" sale. HUD is providing no financing for this sale. The purchaser must provide for payment of the full purchase price in cash at closing.

Submission of Bids: Bids for this property can only be considered for acceptance if submitted on the specific forms listed in the Bid Kit for this property, along with required earnest money. A Bid Kit may be obtained as indicated below.

Suspended or Debarred Parties: No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. AS PROVIDED FOR IN 24 CFR, SEC. 27, THE DEFAULTING MORTGAGOR, OR ANY PRINCIPAL, SUCCESSOR, AFFILIATE, OR ASSIGNEE ON THE MORTGAGE AT THE TIME OF DEFAULT SHALL NOT BE ELIGIBLE TO BID ON OR OTHERWISE PURCHASE THIS PROPERTY. (Principal and Affiliate are defined at 24 CFR 24.905.)

INSPECTION OF PROPERTY AND BIDDING INSTRUCTIONS

Prospective bidders are urged and invited to inspect the property prior to submitting a bid. Note: If this is a foreclosure sale, HUD may not have access to the property. Bids for this property can only be considered if properly submitted by following the bidding instructions provided in the FREE INFORMATION and BID KIT.

The FREE INFORMATION and BID KIT may be viewed or printed at <http://www.hud.gov/offices/hsg/mfh/pd/multifam.cfm>. You may also sign up for our electronic mailing list at this web address.

BIDS for GATEWAY TOWER APT.

MUST BE PRESENTED ON:

Friday, March 25, 2011

at: 12:00 noon local time

at: Sheriff's Office

St. Louis County Courthouse

Room 103

100 North 5th Avenue West

Duluth, MN 55802

HUD OFFICE:

U. S. Dept of Housing and

Urban Development

Multifamily PD Center

801 Cherry Str., Unit #45, Ste. 2500

Fort Worth, TX 76102

REALTY SPECIALIST:

Margaret Laakso

Phone : (817) 978-5821

margaret.laakso@hud.gov

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "Bidder") submits a bid of dollars (\$) _____ at the foreclosure sale of GATEWAY TOWERS APARTMENTS (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. \$ 75,000 in the form of a money order, cashier's or other bank check, as earnest money, which has been paid at the foreclosure sale to the person that conducts the foreclosure sale, and which shall not earn interest (the "Deposit"), **and**
2. \$ _____ the balance, to be paid by the Bidder at Closing, in the form of a cashier's or other bank check in accordance with this Acknowledgment. The Closing will be held at a place, date and time established in accordance with Section 5 below (the "Closing").
3. In addition to the above, the Bidder will be required to pay at Closing all closing costs, regardless of local custom, and, where applicable, other deposits to reserve and/or letters of credit as described in Riders incorporated herein, the Invitation for Bid (Invitation), and the Foreclosure Sale Use Agreement (Use Agreement).

PART II

If selected as the high Bidder at or after the foreclosure sale, the Bidder, by executing this document (the "Acknowledgment"), acknowledges that the Bidder must comply with the following requirements as a condition to purchasing the Project:

1. **ACKNOWLEDGMENT OF TERMS** - Bidder affirms to have full knowledge of the all terms, conditions and requirements contained in this Acknowledgment and documents referred to herein, the invitation and Attachments, and the Notice of Default and Foreclosure Sale. Bidder must execute this document.
2. **EXECUTION OF USE AGREEMENT** - At Closing, Bidder will, in addition to any other documents, execute the Foreclosure Sale Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation to Bid. Such documents will control the use of the Project for a specified period and will be recorded with the Deed and run with the land.
3. **CERTIFICATION OF SUBSTANTIAL COMPLIANCE** - The high bidder must also provide Certification to HUD (within two days of the foreclosure sale date) that any other projects that are owned by the high bidder or its affiliates and are located in the same jurisdiction as the project are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the high bidder. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the project to the high bidder and retain the Earnest Money Deposit (see Attachment F).
4. **PREVIOUS PARTICIPATION CERTIFICATION** -
 - (a) **Two Days following Foreclosure Sale:** The high Bidder must submit **within two** (2) Federal Government working days of the foreclosure sale either;
 - (i) a completed paper form HUD-2530s with original signatures for the purchasing entity and all principals (see Section 4, paragraph 2 for complete instructions.), **or**
 - (ii) certification to HUD that the Bidder has registered in APPS and Secure Systems. This certification can be in the form of a copy of the Participant Successfully Registered page from the APPS system **and** a copy of the Multifamily Coordinator and User Registration page from Secure Systems **or** a copy of the Participant Detail page (see APPS User Guide-Industry, Chapter 16, for printing instructions). The high Bidder is also responsible for submitting any changes necessary for principals, tax ID, and ownership in the APPS system. (see Section 4, paragraph 2 for complete instructions.)
 - (b) **Fifteen Days following Foreclosure Sale:** If the Management Agent or the High Bidder (owning entity) elected to file the required Form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within 15 days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-5855 (see APPS User Guide-Industry, Chapter 16, for printing instructions). Please refer to Section 4, paragraph 2 for complete instructions.
5. **ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE**
 - (a) Time is of the essence.
 - (b) HUD will notify the Bidder and the person conducting the foreclosure sale (the "Foreclosure Official") after HUD determines that the Bidder is eligible to purchase the property. The eligibility may be conditioned upon the Bidder obtaining HUD approval of a professional management firm to operate the property, prior to closing. Approval to purchase is subject to review and approval of Bidders written statements and HUD forms as required for purchase in Paragraphs 2, 3 and 5 of Section 4 (Post Foreclosure Sale Procedures), and in Attachment B, Terms and Requirements of Foreclosure Sale, Acknowledgement by Bidder, specifically the Rider "Submission of Documents Prior to Closing" and applied as checked. The Foreclosure Official will establish a time and date for the Closing. The Closing **shall be within thirty (30) days of such notification**, unless extended pursuant to Section 9.
 - (c) The Closing will take place at the HUD office stated in the Invitation or at such other place as may be agreed upon between HUD and the Foreclosure Official.
6. **CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION**

- (a) The sale shall be effective upon Closing.
 - (b) Bidder (Purchaser) shall pay all closing costs and expenses, excluding fees for the transfer of title and recordation of the Use Agreement, irrespective of local custom.
 - (c) Transfer of title to and possession of the Property shall become effective as of the Closing.
7. PAYMENT OF PURCHASE PRICE AT CLOSING - The Bidder (Purchaser) shall pay the balance at Closing in the form of a cashier's or other bank check made out to:
- THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
- The Closing will be held at a place, date and time established in accordance with Section 5 above.
8. LIQUIDATED DAMAGES - Should Bidder fail or refuse to perform all obligations under this Acknowledgement for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in Section 5, the earnest money deposit and any extension fees, paid under Section 9, shall be remitted to and retained by HUD as liquidated damages.
9. EXTENSION FEES - Extensions of time to close the sale are within HUD's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
- (a) A written request for an extension must be received at the HUD office located at: Department of Housing and Urban Development, Fort Worth Multifamily PD Center, 801 Cherry Street, Unit #45, Ste. 2500, Ft. Worth, TX 76102 within seven (7) days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Bidder's inability to close the sale within the initial period or any extended period.
 - (b) Extensions shall be for thirty (30) days.
 - (c) For each thirty (30) day period requested by Bidder and approved by HUD, extension fees shall be equal to \$ 31.17, per unit, per day, which is \$ 4,800.18 daily, a cost of \$ **144,005.40**, which covers the 30-day period (the holding cost for such period) or one and one-half percent (1.5%) of the purchase price, whichever is greater.
 - (d) These fees shall be retained by HUD and shall not be credited to the amount due from Bidder at Closing. However, if Bidder closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Bidder at Closing.
 - (e) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - (f) If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
 - (g) Extension Fees must be submitted by money order, certified, cashier's or other bank check acceptable to HUD.
10. BIDDER RESTRICTIONS
- (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this sale, or to any benefit arising from it. However, this provision does not apply to this sale to the extent that this sale is made with a corporation for the corporation's general benefit.
 - (b) If Bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to closing, this sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after Bidder's execution of this Acknowledgment, any extension fees paid under Section 9 shall be retained by HUD as liquidated damages.
 - (c) Pursuant to 24 CFR Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the property being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 CFR 24.105.
11. AS-IS SALE; NO REPRESENTATIONS
- (a) Bidder shall accept the Property "as is." HUD makes no representations or warranties concerning the physical condition of the Property. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property.
 - (b) Bidder acknowledges that the purchase price set forth in this Acknowledgment is based on Bidder's evaluation of the project and not upon any representations by HUD. Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this sale or for the return of any extension fees paid pursuant to Section 9.
12. RISK OF LOSS AND RIGHTS OF RESCISSION - In the event of any substantial damage to the Project prior to closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the Bidder for a reduction in the sales price corresponding to the estimated amount of damages. Such damages shall be added to the Post-Closing repair requirements, HUD Form - 9552 included in the Invitation. If HUD and the Bidder are unable to agree on the amount by which the purchase price should be reduced or on the amendment to the repair requirements, Bidder may withdraw the bid, in which case HUD will direct the return of the earnest money deposit and any extension fee(s) will be returned.

13. PRORATIONS

- (a) Except, as set forth in paragraph (b) below, there will be no prorations at Closing. The Bidder will be responsible **not only** for those expenses incurred at the Project after Closing, but also expenses which may be due and payable at the time of Closing. *Please note that expenses after closing may be inclusive of prior or unpaid services for utilities, assessments and/or liens which are not extinguished by the foreclosure actions. Prospective purchasers are required to determine outstanding expense/assessments/liens as part of their due diligence and take those outstanding expenses into consideration when submitting bids..*
- (b) At Closing, the Bidder will pay the Foreclosure Official a prorata share of any property taxes on the Project which have been previously paid for by HUD for a period of time ending after the date of Closing. The Bidder will be responsible for paying in full, all taxes.
- (c) No later than fifteen (15) days before Closing, HUD will notify the Bidder of the amount the Bidder is to pay the Foreclosure Official as the prorata share of taxes.

14. SECURITY DEPOSITS - APPLICATION AS CHECKED:

- ☒ Notwithstanding State or local law, the Bidder will receive only those security deposits which are on hand at Project on the date of Closing. The Bidder will assume all liability under State and local law with respect to deposits.
- ☐ Any security deposits collected from tenants and paid over to HUD prior to the Closing shall be transferred assigned to Bidder within fifteen (15) days after the closing, with the exception of security deposits which been forfeited by the tenant in accordance with the terms of the tenant's lease. Notwithstanding State and no other security deposits collected from tenants will be transferred by HUD to Bidder and HUD has no other under State and local law with respect to security deposits. Bidder agrees to assume all responsibility and under State and local law with respect to the collection, application and return of security deposits.

15. LIMITATION OF LIABILITY - Notwithstanding any other provisions of this sale, HUD's liability shall not exceed the amount of funds paid by Bidder to HUD and/or the Foreclosure Official hereunder.

16. ANTI-COLLUSION CERTIFICATION

(a) The Bidder certifies:

- (i) The bid price in this offer has been arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other Bidder relating to:
 - a. the bid price;
 - b. the intention to submit a bid price; **or**
 - c. the methods or factors used in calculating the bid price offered;
- (ii) The bid price in this offer has not been and will not be knowingly disclosed by the Bidder, directly or indirectly, to any other Bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
- (iii) No attempt has been made or will be made by the Bidder to induce any other Bidder to submit or not to submit a bid price for the purpose of restricting competition.

(b) If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:

- (i) Is the person in the Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph (a) above; **or**
- (ii) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph (a), above;

Name: _____

Title: _____

Organization responsible
or determining price _____

- a. As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph (a) above; and
- b. As agent, has not personally participated, and will not participate, in any action contrary to paragraph (a) above.

17. FAILURE TO COMPLY - Upon the failure or refusal of the Bidder to comply with any of the requirements listed above, HUD may declare the Bidder ineligible to purchase the Project, in which case Bidder shall forfeit the earnest money deposit and any extension fees paid.

18. SEVERABILITY - If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.

19. FORMS - All forms and instruments referred to in this Acknowledgment are the standard Form HUD and instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by the Invitation for Bid or Request for Proposals.

20. EXECUTION

- (a) By signature below, Bidder indicates acknowledgment of and agreement to the terms and requirements of this foreclosure sale.
- (b) In the case of a bid submitted by an agent or representative of the Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the _____ day of _____, 20____.

Witness: _____

Typed Name: _____

By: _____

Typed Name: _____

Address: _____

City, ST Zip: _____

Phone No. with Area Code: (____) _____ - _____

**PREVIOUS PARTICIPATION CERTIFICATION AND
SUBMISSION OF DOCUMENTS PRIOR TO CLOSING**

1. Certification of Substantial Compliance

Required within two (2) Federal business days of the foreclosure sale date: The high bidder must provide Certification to HUD that any other projects that are owned by the high bidder or its affiliates and are located in the same jurisdiction as the project are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the high bidder. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the project to the high bidder and retain the Earnest Money Deposit (see Attachment F).

2. Previous Participation Certification Requirements

Required within two (2) Federal business days of the foreclosure sale date:

(a) The high bidder must file with the Fort Worth HUD office a detailed organizational chart reflecting all principals and their ownership interest in the purchasing entity. The high bidder must also submit completed paper form HUD-2530s, with original signatures, for the purchasing entity and all principals,

Or

(b) The high bidder must file the electronic 2530 submissions and comply with the requirements and time frames specified below.

For First Time Participants: If you or your company are not registered in HUD's Active Partners Performance System (APPS) and/or HUD's Secure Systems, not later than **two (2)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the Bidder must register in APPS, which allows for the electronic submission of the Previous Participation Certification Form HUD 2530 and Secure Systems as outlined in Section 2 of the Invitation to Bid. Bidder must fax a copy of the Participant Successfully Registered page from the APPS system and a copy of the Multifamily Coordinator and User Registration page from the Secure Systems registration to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

After receiving a Coordinator/User ID, participant must reenter the APPS system and complete the 2530 application process. Not later than **fifteen (15)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the high Bidder must fax a copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

For Participants Registered in APPS and Secure Systems:

Not later than **two (2)** Federal business days after verbally notified at the foreclosure sale of being high Bidder, the Bidder must fax a copy of the copy of the Participant Detail page to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

Required within five (5) Federal business days of the foreclosure sale date:

Not later than **five (5)** Federal business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must** submit a Written Statement of Experience as required in the Invitation for Bid, Section 4, paragraph 3.

Required within ten (10) Federal business days of the foreclosure sale date:

Not later than **ten (10)** Federal business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must** submit either completed paper form HUD-2530s (with original signatures) for management of the property **Or** evidence that the Management Agent is registered in the APPS system. **If** the election is made to file electronic 2530 submissions, the high Bidder must assure compliance with the requirements and time frames specified below in submission of a complete e2530 package by the management entity selected.

Required within fifteen (15) Federal business days of the foreclosure sale date:

Not later than **fifteen (15)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the high bidder must fax a printed copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in Section 1, Paragraph 10 of the Invitation to (817) 978-5855.

NOTE: Any change in ownership entity will require changes (updating) in the APPS system. Participants (Bidder) must adhere to all APPS registration and submission timeframes. Delays in updating the 2530 application will **not** be grounds for delaying any closing, nor will it be grounds for approving an extension of the closing date.

3. Submission of Documents Prior to Closing

Not later than **ten (10)** Federal business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must demonstrate the ability to meet HUD requirements** for purchase of the Project by submitting the documents checked below to the Realty Specialist identified on the Property At A Glance.

- ☒ Affirmative Fair Housing Marketing Plan (Form HUD 935.2A)
- ☒ Personal Financial and Credit Statement (Form HUD 92417) for each principal and general partner
- ☒ Management Entity Profile (Form HUD 9832)
- ☒ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A):

OR

- ☒ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839 B):

- ☐ Project Owner's/Borrowers Certification (Form HUD 9839 C) for Elderly housing projects managed by Administrators only

(Only one of these forms will be required for management certification.)

- * **HUD reserves the right to review and approve/reject project management.** Within a reasonable time prior to Closing, the Bidder/Owner entity may be required to meet with officials designated by HUD at the HUD office listed in this Invitation and/or the local HUD Office to discuss the Bidder's/Owner entity's plans for managing the Project. If HUD determines that the Bidder/Owner entity is unqualified to self-manage the Project, HUD will require the Bidder/Owner entity to obtain the services of a qualified property management firm. The Bidder/Owner entity is responsible for ensuring that the proposed management entity (firm) obtains approval from HUD, prior to closing. The proposed management entity must comply with 2530 requirements and submit the required documents as outlined in paragraph 3 above. If Bidder/Owner entity does not meet this obligation, HUD reserves the right to reject the bid and retain the Bidder's earnest money deposit.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

RIDER 2 OF 2
POST-CLOSING REPAIR REQUIREMENTS

REPAIR ESCROW

At Closing, Bidder shall provide to HUD an unconditional, irrevocable and non-documentary Letter of Credit (LoC), satisfactory to HUD, in the amount of **\$75,000.00**, with an expiration date at least six (6) months beyond HUD's estimated date for completion of repairs, to assure completion of the repairs required by the Invitation for Bid. In the event an extension for completion of repairs is granted, the LoC will be extended accordingly.

Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. If the Purchaser defaults under this Rider and HUD cashes the Purchaser's LoC, HUD may apply the funds so obtained for purposes as the Secretary deems appropriate including retaining the funds as liquidated damages.

The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs or retain the funds as liquidated damages.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Purchaser") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to GATEWAY TOWER APARTMENTS, HUD Project No. 092-44804, (the "Project" or the "Property") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a(a), Management and Preservation of HUD-Owned Multifamily Housing Projects, and the Department of Housing and Urban Development regulations thereunder at 24 CFR Part 290, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the property subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this _____ day of _____, 20____, by _____, the Project has been conveyed to the Purchaser; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Purchaser, the parties agree as follows:

1. **TERM OF AGREEMENT** - This Agreement shall be in effect,

☒ twenty years from the date of this Agreement **or** ☐ until

2. **CONVEYANCE OF PROJECT**

This paragraph ☒ **is** ☐ **is not** applicable for this property

During the term of this Agreement, any conveyance of the project, or change in management of the project, must have prior written approval of HUD. Any request for HUD's approval of conveyance and/or the proposed purchaser's/owner's management of the property must include the entity and all principals obtaining 2530 Previous Participation Clearance. Signed Certification of Substantial Compliance (if a conveyance), Agreement to Abide by Use Agreement (if a conveyance), Management Entity Profile (Form HUD-9832), Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD 9839A) or Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD 9839B), or Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only), and information provided in written statements of how the purchaser, or any subsequent purchaser and/or management will:

- (a) Implement and/or continue to comply with all existing use restrictions;
- (b) Implement sound financial and physical management program;
- (c) Respond to the needs of the tenants and work cooperatively with resident organizations;
- (d) Provide adequate organizational staff and resources to manage the project.

Conveyance is defined as any sale, assignment, transfer, leasehold estate, or conveyance of the property or any ownership interest. In addition, a merger, conversion, share exchange, long term leasehold estate, interest exchange of corporate or partnership interest is also considered a transfer/conveyance of the property and require prior written approval from HUD.

The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provide that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction does not constitute or involve the occurrence of a "transfer" or "assignment" of real estate interest or other assets of a constituent party to any such transaction.

3. **SUBJECT TO EXAMINATION** - The Project shall at all times,

- (a) Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
- (b) Maintain full occupancy to the greatest extent possible,
- (c) Be maintained as rental housing for the term of this Agreement

At the request of the Secretary, Purchaser must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.

4. **UNIT NUMBER OR USE CHANGE** - Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.

5. **NON-DISCRIMINATION REQUIREMENTS** - The Purchaser will comply with the provisions of all Federal, State, or local laws prohibiting discrimination in housing.

6. **HAZARD INSURANCE** - Hazard insurance shall be maintained in an amount to ensure that the Purchaser is able to meet the rental housing requirements described in this Agreement.

7. **DESTRUCTION OF PROJECT** - In the event that any or all of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the property destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.

8. **DEMOLITION OF PROJECT PROPERTY** - The Purchaser will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.
9. **REMEDIES FOR NONCOMPLIANCE** - Upon any violation of any provision of this Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, addressed to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary, may be designated by the Purchaser as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.
The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver of the right to exercise that or any other right or remedy at any time.
10. **SUCCESSORS AND ASSIGNS** - This Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Agreement.
11. **RESTRICTIONS** - No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.
12. **CONTRADICTORY AGREEMENTS** - The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Agreement.
13. **SEPARABILITY** - The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
14. **AMENDMENT** - This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
15. **RIDERS TO THE USE AGREEMENT** - The Riders checked and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land.
- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordability of Units | <input type="checkbox"/> Two Year Rent Protection for Pre-Existing |
| <input checked="" type="checkbox"/> Rehabilitation and Relocation | <input type="checkbox"/> Very- Low Income Tenants |
| <input checked="" type="checkbox"/> Lead-Based Paint Hazards | <input type="checkbox"/> Historic Preservation |
| <input checked="" type="checkbox"/> Asbestos Hazards | <input type="checkbox"/> Mobile Home Park |
| <input checked="" type="checkbox"/> Nondiscrimination Against Multifamily | <input type="checkbox"/> Retirement Service Center |
| Section 8 Certificate and Voucher Holders | <input checked="" type="checkbox"/> Mold Hazards |

IN WITNESS WHEREOF:

The Purchaser has executed this Use Agreement in triplicate this _____ day of _____, 20_____.

WITNESS:

PURCHASER:

By: Signature

Typed Name of Purchaser

Street Address

City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement in triplicate this _____ day of _____, 20_____.

WITNESS:

FOR: THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BY: _____

Official's Typed Name

Title

Exhibit A
Legal Description

Lots Ninety-eight (98), One hundred (100), One hundred two (102), One Hundred four (104), One Hundred six (106), One Hundred eight (108), One hundred ten (110), and One hundred twelve (112), Block Three (3), DULUTH PROPER 3RD DIVISION according to the plat thereof on file and of record in the office of Registrar of Deeds, St. Louis County, Minnesota, including the easterly one-half of vacated 75h Avenue West,

RESERVING unto the City of Duluth an easement for public utility purposes in, over, upon and above the easterly one-half of vacated 7th Avenue West.

RIDER 1 OF 6
AFFORDABILITY OF UNITS

The Use Agreement shall contain the following provisions:

Use Restriction

1. The Purchaser (Owner) **must maintain the property as affordable housing** for a period of twenty (20) years after the date of this Deed or such earlier time as the Secretary may specify in writing (the "Restricted Period").
2. Any change to the number or configuration of residential units required to be maintained, as affordable housing must receive prior written approval from HUD.
3. The Purchaser (Owner) will not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

Eligibility Requirement at Initial Occupancy

- ☒ The Purchaser (Owner) will affirmatively market 154 dwelling units to families with adjusted gross annual income that does not exceed eighty percent 80 % of the area median income, adjusted for family size.
- ☐ The Purchaser (Owner) will affirmatively market _____ dwelling units to very low-income families with adjusted gross annual income that does not exceed _____ percent (_____ %) of the area median income, adjusted for family size.

If the Purchaser (Owner) is temporarily unable to lease all of the specified number of dwelling units to very low-income families, one or more units may be leased to families who are low-income but not very low-income, only with HUD's prior written approval. In requesting such approval, the Purchaser (Owner) must demonstrate that:

- (a) reasonable steps have been taken to attract very-low income families, including using marketing activities most likely to attract such eligible applicants, **and**
- (b) has leased or is making good-faith efforts to lease the units to eligible and otherwise acceptable families, including taking all feasible actions to fill vacancies by renting to such families, **and**
- (c) has not rejected any such applicants except for reasons acceptable to HUD.

Maintenance of Rents at Affordable Levels

1. For **current** tenants, affordable means **the least of:**

- (a) for a unit occupied by a very-low income family, the unit rent does not exceed thirty percent (30%) of fifty percent (50%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; **or**
- (b) for a unit occupied by a low-income family that is not a very low-income family, the unit rent does not exceed thirty percent (30%) of eighty percent (80%) of the area median income, (not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; **or**
- (c) the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; **or**
- (d) Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.

2. For **new, or turnover** tenants, affordable means **the least of:** (affordability levels applicable as checked)

<input checked="" type="checkbox"/> (a) the unit rent does not exceed <u>thirty</u> percent (<u>30</u> %) of <u>eighty</u> percent (<u>80</u> %) of the area median income (not necessarily the income of the family), as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or	<input type="checkbox"/> (a) for _____ dwelling units, the unit rent can not exceed _____ percent (____%) of _____ percent (____%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant. And , unless prior written approval has been obtained from HUD, the unit rent for the additional _____ dwelling units can not exceed _____ percent (____%) of _____ percent (____%) of the area median income, not the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or
(b) the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or	(b) the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or
(c) Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.	(c) Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.

Annual certification

The Purchaser (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____
SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 2 OF 6
REQUIRED REHABILITATION AND RELOCATION

The Use Agreement includes the following provisions:

Rehabilitation and Relocation Restriction

The Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §17012-11(f), and the regulations thereunder, 24 CFR § 290.17, as explained in paragraphs 2 through 5, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations.

1. The Purchaser covenants that the Property will be rehabilitated within twelve (12) months from the date of this Use Agreement in accordance with all applicable State and local laws, codes, ordinances and regulations, and Physical Condition Standards pursuant to 24 CFR Part 5, and other requirements set forth in any repair summaries and narratives, attached hereto.
 - (a) If the Purchaser cannot complete the repairs within the required time, thirty (30) days prior to the expiration of the time allowed a written request for an extension must be delivered to HUD stating the reason for the Purchaser's inability to complete the repairs.
 - (b) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - (c) Extensions of time to complete repairs are within HUD's sole and absolute discretion.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.If relocated off-site, the Purchaser must provide any resident who is temporarily relocated because of the rehabilitation, the right of first refusal to return to the Property as long as the resident is in good standing under any lease agreements prior to re-occupancy.
4. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which, to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.**HUD will not provide the Purchaser with any funds or subsidy with which to make the payments required by this paragraph.**
5. The Purchaser covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
6. To ensure completion of required repairs that are to be completed by the Purchaser, the Purchaser has delivered to the Secretary an unconditional, irrevocable and non-documentary Letter of Credit (LoC), in the amount of \$ 114,440, which shall remain in effect and may be drawn on by the Secretary for at least eighteen (18) months, 6 months past the deadline for repairs stated above, from the date of this Agreement.

In the event an extension for completion of repairs is granted, the LoC's will be extended accordingly. If the repairs are not completed to the satisfaction of HUD within the time period specified in this Section, HUD may, in its sole discretion, cash any LoC and seek remedies provided in the attached Use Agreement, as the Secretary deems appropriate. If HUD cashes the Purchaser's LoC as a remedy for the Purchaser's default under the repair program, HUD may apply the funds so obtained to complete the repairs or for such other purposes as the Secretary deems appropriate.
7. Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. The LoCs must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs or retain the funds as liquidated damages.
8. If the Purchaser fails to comply with paragraph 1 above, and no extension by written agreement has been granted by HUD, the Secretary and/or any and all successors in the office shall be entitled to exercise any available remedies including the right to enter and terminate the estate hereby conveyed.

9. If the Purchaser fails to repair the Project in accordance with this Agreement, the Secretary will not exercise the remedies as described in Section 8 above, if any lender holding a lien or security interest on the Project:
- (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs,
and
 - (b) Completes such repairs within thirty (30) days of the notice or within such longer periods as HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

RIDER 3 OF 6
LEAD-BASED PAINT HAZARDS

The Use Agreement shall include the following provisions:

1. In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35 (the "Regulations");
☐ Purchaser covenants that the Property will be inspected and tested for lead-based paint, and any hazards will be abated in accordance with the Regulations.
☒ Purchaser covenants that any lead-based paint hazards will be abated in accordance with the Regulations.
Purchaser shall certify to Seller (in a form acceptable to Seller) and Seller shall determine, through inspection (or discretion, the inspection and certification of a local government official) that all lead-based paint hazards have been removed from the Property in accordance with the Regulations
2. Purchaser understands and agrees that Seller's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead-based paint and all potential lead-based paint hazards have been eliminated from the Property and does not relieve Purchaser of its ongoing responsibility for complying with all applicable State and local lead-based paint laws and regulations.
3. Purchaser agrees to indemnify, defend, and hold Seller harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of lead-based paint health hazards, the prohibition against the use of lead-based paint, and Purchaser's responsibility for complying with applicable State and local lead-based paint laws and regulations.
4. If temporary or permanent relocation is necessary because of such abatement, Purchaser covenants that it will comply with paragraphs 5 through 8, below. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Act"), as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Seller. The Purchaser is responsible for ensuring compliance with the Act and regulations thereunder, notwithstanding any contractual obligations with third parties to comply with the Act and regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
5. If temporary relocation is necessary because of such abatement, Purchaser covenants to provide assistance to tenants in locating decent, safe and sanitary housing that, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
(a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
(b) Expenses of returning to a repaired unit on the Property.
6. If permanent relocation is necessary because of such abatement, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
(a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing that, to the extent feasible, shall be in a location not generally less desirable than the Property.
(b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Seller to be reasonable considering the size of the household and the circumstances surrounding the move.
7. The Purchaser covenants not to increase the rent for any units, from the rent Seller is requiring a tenant to pay on the Closing date, until such unit meets all the abatement requirements set forth in paragraph 1, above. (In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.)
8. Purchaser agrees to comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgement of Disclosure" of 24 CFR – *Lead-Based Paint Poisoning Prevention in Certain Residential Structures*.
9. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Seller, Seller and/or successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 4 OF 6
ASBESTOS HAZARDS

The Use Agreement shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Purchaser's responsibility for complying with applicable State and local asbestos laws and regulations.
2. Purchaser shall develop and maintain on the site at all times an Operations and Maintenance Plan which will identify areas which involve asbestos hazards and establish work/repair guidelines.
3. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
4. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
5. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
6. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
7. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

**NONDISCRIMINATION AGAINST MULTIFAMILY SECTION 8 CERTIFICATE HOLDERS AND VOUCHER
HOLDERS** (Applies to Rental Housing)

The Use Agreement includes the following provisions:

Nondiscrimination

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Purchaser, any/all successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation (hereinafter referred to as Section 8). This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units that rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

If the Purchaser breaches this provision, HUD and/or one or more third - party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such provision and to enjoin any acts which are in violation of such provision. For the purposes of this provision, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

RIDER 6 OF 6
MOLD HAZARDS

The Deed shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of mold health hazards, and Purchaser's responsibility for complying with applicable Environmental Protection Agency's regulations and State and local laws and regulations.
 - (a) Purchaser covenants that the Property will be inspected and tested for mold and mold conditions, and any hazards will be remediated. The purchaser will remediate the mold or mold conditions in accordance with the relevant provisions of the Environmental Protection Agency regulatory standards and guidelines.
 - (b) Purchaser covenants that any mold hazards will be remediated in accordance with applicable federal state, and local laws, regulatory standards and guidelines, including without limitation the Environmental Protection Agency (EPA) Guidelines.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
8. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
9. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
10. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
11. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

ATTACHMENT D
LETTER OF CREDIT (LoC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. _____
_____, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street
Ft. Worth, TX 76102

Attention: Mr. Jack Stark
6AC – 28th Floor

Dear Sir:

For the account of _____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. \$ _____,
effective immediately and expiring on _____, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

(bank's address)

This Credit is governed by the laws of _____.

Sincerely,

(Issuing Bank)

By: _____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank) _____
(City, State)

_____, 20____

Pay to the order of the U.S. Department of Housing and Urban Development the sum of

\$_____. This draft is drawn under your Irrevocable Letter of

Credit NO. _____.

U.S. Department of Housing and Urban Development

By: _____

Post Closing Repair Requirements

Project Name GATEWAY		Project Number 092-44804		Location Duluth, Minnesota	
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The Purchaser must repair the property to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder:

☒ Applicable State and local Codes ☒ Physical Condition Standards (set forth in 24 CFR Part 5) ☒ Additional repairs required by HUD

HUD will monitor to ensure compliance. Repairs shall be considered complete only after: (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD, and (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD's estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in exhibits to this form. Unless checked as **Mandatory** on this form, repairs may begin upon conveyance. For repair items checked on this form as **Mandatory**, the Purchaser, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this project.

The repairs listed herein represent HUD's estimate of the property's repair needs. These repairs may not represent all repairs needed to satisfy HUD's requirements and/or requirement other than HUD's. HUD does not warrant that the list is either comprehensive or sufficient. The Purchaser accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

Item	Mandatory	Estimated Cost	Item	Mandatory	Estimated Cost		
Repairs to Residential Structures (including commercial areas)							
1 Concrete	<input type="checkbox"/>	3,000.00	1 Wood Flooring	<input type="checkbox"/>			
2 Masonry	<input type="checkbox"/>		1 Resilient Flooring	<input type="checkbox"/>	1,386.00		
3 Metals	<input type="checkbox"/>	3,000.00	1 Painting and Decorating	<input type="checkbox"/>	81,056.00		
4 Rough Carpentry	<input type="checkbox"/>		2 Specialties	<input type="checkbox"/>	40.00		
5 Finish Carpentry	<input type="checkbox"/>		2 Special Equipment	<input type="checkbox"/>			
6 Waterproofing	<input type="checkbox"/>	1,439.00	2 Cabinets	<input type="checkbox"/>	6,122.00		
7 Insulation	<input type="checkbox"/>		2 Appliances	<input type="checkbox"/>	8,387.00		
8 Roofing	<input type="checkbox"/>		2 Blinds and Shades	<input type="checkbox"/>			
9 Sheet Metal	<input type="checkbox"/>		2 Carpets	<input type="checkbox"/>	23,750.00		
10 Doors	<input type="checkbox"/>	1,850.00	2 Special Construction	<input type="checkbox"/>			
11 Windows	<input type="checkbox"/>	490.00	2 Elevators	<input type="checkbox"/>			
12 Glass	<input type="checkbox"/>	338.00	2 Plumbing and Hot Water	<input type="checkbox"/>	48,893.00		
13 Lath and Plaster	<input type="checkbox"/>	2,850.00	2 Heat and Ventilation	<input type="checkbox"/>	3,058.00		
14 Drywall	<input type="checkbox"/>	193.00	3 Air Conditioning	<input type="checkbox"/>			
15 Tile Work	<input type="checkbox"/>		3 Electrical	<input type="checkbox"/>	15,164.00		
16 Acoustical	<input type="checkbox"/>	1,188.00	Residential Structures Subtotal		202,203.00		
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)							
32 Accessory Structure	<input type="checkbox"/>		3	<input type="checkbox"/>			
33	<input type="checkbox"/>		Accessory Structures Subtotal		0.00		
Site Work							
35 Earth Work	<input type="checkbox"/>		3 Lawns and Plantings	<input type="checkbox"/>	3,000.00		
36 Site Work	<input type="checkbox"/>		4 Unusual Site Conditions	<input type="checkbox"/>			
37 Roads and Walks	<input type="checkbox"/>	7,241.00	4	<input type="checkbox"/>			
38 Site Improvements	<input type="checkbox"/>	500.00	Site Work Subtotal		10,741.00		
Environmental Mitigation							
42 Lead Based Paint	<input type="checkbox"/>		4	<input type="checkbox"/>			
43 O&M Plan for ACM & Lead	<input type="checkbox"/>	500.00	Environmental Mitigation Subtotal				
Totals							
Units not inspected:					202,703.00		
Estimated Total Hard Cost					213,443.00		
Contingency = Hard Cost X 10% =					41,615.00		
Overhead/General Requirements = Hard Cost X =					0.00		
Estimated Total Repair Cost					\$457,760.00		

Previous edition is obsolete
9552 (5/93)

form HUD-

COMPREHENSIVE REPAIR SURVEY WORK WRITE UP

For units and common areas that were inspected and work tasks listed, the work items are the minimum required repairs and are not inclusive. The work required in units may be more extensive than the work tasks listed. Regardless of the work tasks listed, the purchaser must rehabilitate every unit (and common areas) to (1) meet applicable state and local codes, and (2) Physical Conditions Standards as enumerated in 24 CFR Part 5 Subpart G.

Only 78 out of 154 (actual count indicated 154, not 156 as was described in Task Order) units were inspected. Regardless of whether a unit was inspected and work items noted for a unit, the purchaser is responsible for rehabilitating every unit and common area. For units and common areas for which there are no work requirements listed, the purchaser is still required to rehabilitate those units and common areas to a level which is similar to those units that were inspected and for which work tasks are listed.

For units and common areas that were inspected and work tasks listed, the work items are the minimum required repairs and are not inclusive. The work required in units may be more extensive than the work tasks listed. Regardless of the work tasks listed, the purchaser must rehabilitate every unit (and common areas) to (1) meet applicable state and local codes, and (2) Physical Conditions Standards as enumerated in 24 CFR Part 5 Subpart G.

GENERAL REQUIREMENTS

ADMINISTRATIVE

1. Provide an Operations and Maintenance (O&M) Manual for the complex.

EXTERIOR

SITE WORK AND IMPROVEMENT

1. Remove all dead vegetation. Replant with new ground cover/shrubs/bushes.
2. Remove weeds and debris from sidewalks, patio, drive, and parking pavement cracks and joints.
3. Seal cracks and joints in sidewalks and patio.
4. Replace damaged sections of concrete sidewalks and patio.
5. Seal cracks and joints in drive and parking pavement.
6. Repair potholes and large cracks in drive and parking pavement.
7. Re-stripe fire lane, drives, and parking spaces.
8. Re-stripe accessible parking spaces with access aisles complying with UFAS/ADA requirements.
9. Repair existing iron fence. Replace those portions that are rusted through and match existing.
10. Paint iron fence.
11. Contact City of Duluth to repair concrete sidewalks/ curb at streets and retaining wall at Superior Street.

BUILDING

1. Paint all exterior hollow metal doors and frames.

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INTERIOR

1. Refinish/paint all entry doors at ancillary rooms and fire exits.
2. Perform the following at all inspected apartment units:
Entire Unit:
Refinish entry door and paint frames.

Bathroom:

Replace standard electrical outlet with GFCI protected electrical outlet.

Kitchen:

Replace (2) standard electrical outlets with GFCI protected electrical outlets.

SPECIFIC REQUIREMENTS

EXTERIOR

BUILDING:

1. Repair damages at concrete canopy (over elevated sidewalk), pedestrian bridge, elevated sidewalk, and planters.
2. Power-wash concrete canopy (over elevated sidewalk), pedestrian bridge, elevated sidewalk, and planters.
3. Paint concrete canopy (over elevated sidewalk), pedestrian bridge, elevated sidewalk, and planters. Match original paint locations for new paint.
4. Repair Exterior Finish Insulation System (EFIS) at building exterior. Match existing material, texture, and color.
5. Replace standard electrical outlets with GFCI protected electrical outlets.
6. Remove tarp covering make-up air intake louvers to maintain proper building pressurization.

INTERIOR

LOWER LEVEL (MICHIGAN STREET) – COMMON AREAS

Corridor

Paint walls and ceilings.
Replace damaged carpet.
Provide light fixture lens cover.

Laundry

Provide smoke detector.

Maintenance Room

Provide smoke detector.
Close make-up air handler return duct access doors; see required make-up air handler repairs below.

Mechanical Room

Repair steam leak at two fittings.
Repair water leak at valves.
Repair water leaks in piping, replace deteriorated piping as necessary.
Replace damaged piping insulation.
Repair water leak above telephone board.
Repair make-up air handler to maintain proper supply air temperature and building pressurization.

Trash/Janitor Room:

Paint walls.

FIRST FLOOR (SUPERIOR STREET) - COMMON AREAS

Manager's Office

Provide light fixture globe.

Library/Common Room

Provide smoke detector.
Replace one light fixture lens.

Men's Restroom

Paint walls and ceilings.

Women's Restroom

Paint walls and ceilings.

102 Community Room (with Kitchen)

Paint walls and ceilings.

Replace damaged ceiling tile.

Provide smoke detector.

Beauty Salon

Repair leak below lavatory sink.

Provide smoke detector.

Replace standard electrical outlet with GFCI protected electrical outlet at hair wash station.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

SECOND FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Repair North Stair light fixture.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

FOURTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Repair North Stair light fixture.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

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FIFTH FLOOR COMMON AREAS

Corridor

Repair gypsum board at wall.

Paint walls and ceilings.

Provide (2) light fixture lens covers.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

SIXTH FLOOR COMMON AREAS

Corridor

Repair gypsum board at walls.

Paint walls and ceilings.

Replace cracked light fixture lens cover.

Provide light fixture lens cover.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

SEVENTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

EIGHTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Remove light fungal spores/mold at window sill, due to natural condensation. This is a housekeeping/maintenance issue.

Provide (2) light fixture lens covers.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

NINTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

TENTH FLOOR COMMON AREAS

Corridor

Repair gypsum board at walls and ceiling.

Paint walls and ceilings.

Remove light fungal spores/mold at window sill, due to natural condensation. This is a housekeeping/maintenance issue.

Provide HVAC grille.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

ELEVENTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Install sealant at window to wall joint.

Remove light fungal spores/mold at window sill, due to natural condensation. This is a housekeeping/maintenance issue.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

TWELFTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Remove light fungal spores/mold at window sill, due to natural condensation. This is a housekeeping/maintenance issue.

Replace cracked light fixture lens cover.

Trash/Janitor Room:

Paint walls.

Exit Stair

Paint gypsum board.

FOURTEENTH FLOOR COMMON AREAS

Corridor

Paint walls and ceilings.

Provide light fixture lens cover.

Community Room:

Provide sealant at countertop.

Provide smoke detector

Trash/Janitor Room:

Paint walls.

Exit Stair

Repair widow flashing to stop water penetration.

Repair and paint gypsum board.

LOWER LEVEL (MICHIGAN STREET) – APARTMENTS, 1 Bedroom/1 Bathroom

Apartment 1

Living Room:

Replace window latch.

Bathroom:

Replace toilet seat.

Kitchen:

Replace stove/range.

Replace disposal.

Replace sink faucet.

Bedroom:

Replace window latch.

Apartment 3

Bathroom:

Repair drain stopper at tub/shower.

Apartment 7

Entire Unit:

- Paint entire unit.
- Replace carpet.
- Paint ceiling grid.
- Replace ceiling tile.

FIRST FLOOR APARTMENTS (SUPERIOR STREET) - 1 Bedroom/1 Bathroom, UNO

Apartment 103

Bedroom:

- Repair window latches.

Apartment 105

Kitchen:

- Replace disposal.

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Apartment 109, (Manager's Apartment)

Entire Unit:

- Replace carpet.
- Replace VCT.
- Provide smoke detector in common area.

Bathroom:

- Provide light fixture lens

Kitchen:

- Provide two (2) light fixture globes.

Bedroom:

- Provide light fixture globe.

Apartment 111

Entire Unit:

- Paint entire unit.
- Replace carpet.

Bathroom:

- Repair drain stopper at tub/shower.

Kitchen:

- Provide light fixture globe.

SECOND FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 200

Living Room:

- Repair window latches.

Kitchen:

- Replace stove/range.

Replace rubber guard for disposal.

Apartment 203

Entire Unit:

Replace carpet.

Kitchen:

Replace disposal.

Apartment 205

Entire Unit:

Replace VCT.

Bathroom:

Replace damaged lay-in ceiling tile.

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Apartment 208

Bathroom:

Repair drain stopper at lavatory.

Repair drain stopper at tub/shower.

Kitchen:

Replace disposal.

Apartment 209

Entire Unit:

Replace carpet.

Paint entire unit.

Replace smoke detector.

Bathroom:

Repair water leak above ceiling.

Apartment 211

Entire Unit:

Paint entire unit.

THIRD FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 300

Entire Unit:

Replace smoke detector.

Apartment 302

Living Room:

Repair gypsum board walls.

Paint room.

Provide sealant at window frame to wall joint.

Apartment 304, Efficiency

Entire Unit:

Replace carpet.

Living Room:

Repair window latches.

Kitchen:

Repair disposal.

Apartment 307

Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Replace stove/range.

Replace refrigerator.

Bedroom:

Repair window latches.

Apartment 308

Living Room:

Repair window latches.

Apartment 311

Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Replace stove/range.

FOURTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 400

Living Room:

Repair window latches.

Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Replace rubber guard for disposal.

Apartment 403

Entire Unit:

Replace carpet.

Living Room:

Repair window latches.

Bedroom:

Repair window latches.

Apartment 404, Efficiency

Living Room:
Repair window latches.

Apartment 406

Entire Unit:
Paint entire unit.

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Bathroom:
Repair drain stopper at tub/shower.

Apartment 409

Bathroom:
Replace toilet.
Repair drain stopper at tub/shower.

Apartment 411, (IC) Tenant complained of drafts through windows.

Living Room:
Replace window weatherstripping.

Bathroom:
Repair drain stopper at tub/shower.

Bedroom:
Replace window weatherstripping.
Repair window latches.

FIFTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 500

Entire Unit:
Replace carpet.
Paint entire unit.

Bedroom:
Repair walls and ceilings.
Repair leak outside above window.

Apartment 501

Entire Unit:
Replace carpet.

Apartment 502

Entire Unit:
Paint entire unit.
Replace carpet.

Apartment 507

Entire Unit:
Replace carpet.
Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Replace disposal.

Apartment 508,

Entire Unit:

Paint entire unit.

Living Room:

Repair window latches.

Bedroom:

Repair gypsum board walls and ceiling.

Apartment 510,

Entire Unit:

Paint entire unit.

Bathroom:

Replace damaged lay-in ceiling tile.

Repair drain stopper at tub/shower.

Repair leak above ceiling.

Kitchen:

Provide globe for light fixture.

SIXTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 604, Efficiency

Kitchen:

Replace refrigerator.

Apartment 605,

Bathroom:

Repair drain stopper at tub/shower.

Apartment 606,

No deficiencies found.

Apartment 608,

Kitchen:

Replace stove/range.

Replace rubber guard for disposal.

Apartment 609,

Bathroom:

Repair drain stopper in tub/shower.

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Apartment 611,

Kitchen:
Replace disposal.

SEVENTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 700

Entire Unit:
Replace carpet.
Paint entire unit.

Kitchen:
Provide drip pan for stove/range.

Apartment 701

Entire Unit:
Replace carpet.
Paint entire unit.

Apartment 704, Efficiency

Entire Unit:
Paint entire unit.
Replace smoke detector.

Bathroom:
Repair lavatory drain.

Apartment 706

Kitchen:
Replace drain stopper at tub/shower.

Apartment 708

Entire Unit:
Paint entire unit.

Living Room:
Replace window screen.

Apartment 709

Living Room:
Repair walls.
Paint entire room.

Bathroom:
Repair drain stopper at tub/shower.

EIGHTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 802

No deficiencies found.

Apartment 803

Entire Unit:

- Replace carpet.
- Paint entire unit.

Kitchen:

- Repair rubber guard for disposal.

Apartment 804, Efficiency

Kitchen:

- Repair disposal.

Apartment 806

Entire Unit:

- Repair smoke detector.

Bathroom:

- Repair drain stopper at tub/shower.

Kitchen:

- Replace switch for disposal.

Apartment 809

Entire Unit:

- Replace carpet.

Apartment 811

Entire Unit:

- Replace carpet.
- Paint entire unit.

Living Room:

- Repair baseboard heater cover plates.

Bathroom:

- Repair drain stopper at tub/shower.

NINTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 901

Living Room:

- Provide baseboard heater cover plates.

Bathroom:

- Repair drain stopper at tub/shower.
- Provide thermostat cover.

Kitchen:

- Replace rubber guard for disposal.

Hallway:

- Provide closet door and hardware.

Bedroom:

- Provide curtain rod.
- Provide baseboard heater cover plates.

Apartment 902

Entire Unit:

Replace carpet.

Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Repair rubber guard for disposal.

Hallway:

Provide closet door and hardware.

Apartment 904, Efficiency

Entire Unit:

Replace smoke detector.

Paint entire unit.

Entry Hall:

Move items from hallway for exiting.

Bathroom:

Replace toilet seat.

Repair drain stopper at Tub/Shower.

Kitchen:

Replace rubber guard at disposal.

Apartment 908

Entire Unit:

Repair smoke detector.

Bathroom:

Repair drain stopper at tub/shower.

Apartment 909

Entire Unit:

Replace carpet.

Paint entire unit.

Provide smoke detector.

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Hallway:

Provide closet door and hardware.

Bedroom:

Provide curtain rod.

Apartment 910

Entire Unit:

Replace carpet.

Paint entire unit.

Bathroom:

Provide caulking at lavatory and bathtub.

Kitchen:

Repair disposal.

Hallway:

Provide closet door and hardware.

Bedroom:

Repair gypsum board wall.
Paint entire room.

TENTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 1001

Bathroom:

Replace entry door.
Repair drain stopper at tub/shower.

Kitchen:

Replace switch for disposal.

Apartment 1004, Efficiency

Entire Unit:

Replace carpet.
Paint entire unit.

Kitchen:

Provide base cabinet
Provide wall cabinet.
Provide countertop.
Replace stove/range.
Provide wall grille.

Apartment 1005

Entire Unit:

Replace smoke detector.

Bathroom:

Repair drain stopper at tub/shower.

Kitchen:

Replace stove/range.

Apartment 1008,

Entire Unit:

Replace carpet.
Provide smoke detector.

Kitchen:

Replace disposal.

Apartment 1009

Kitchen:

Replace switch for light fixture.

Apartment 1011

Entire Unit:

Replace carpet.
Paint entire unit.

Living Room:

Repair baseboard heater guard.
Bathroom:
Repair drain stopper at tub/shower.
Kitchen:
Replace rubber guard at disposal.

ELEVENTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 1102

Entire Unit:
Replace carpet.
Paint entire unit.
Bathroom:
Repair drain stopper at tub/shower.
Kitchen:
Replace rubber guard at disposal.
Hallway:
Provide closet door and hardware.

Apartment 1103, (IC) Tenant complained about carpet needing to be re-stretched to remove lumps.

Living Room:
Replace carpet.
Repair gypsum board ceiling.
Paint ceiling.
Bathroom:
Repair drain stopper at tub/shower.

Apartment 1104, Efficiency

Kitchen:
Repair hot water knob at sink faucet.

Apartment 1106

Entire Unit:
Paint entire unit.
Kitchen:
Replace stove/range.
Replace refrigerator.
Hallway:
Provide closet door and hardware.
Bedroom:
Repair gypsum board wall in closet.
Paint walls in closet.

Apartment 1107

Entire Unit:
Replace carpet.
Paint entire unit.

Apartment 1110

Entire Unit:

Provide smoke detector.

Kitchen:

Replace rubber guard at disposal.

TWELFTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 1200

Entire Unit:

Replace carpet.

Replace VCT.

Paint entire unit.

Apartment 1203

No deficiencies found.

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Apartment 1204, Efficiency

No deficiencies found.

Apartment 1207

Kitchen:

Replace stove/range.

Replace refrigerator.

Hallway:

Provide closet door and hardware.

Apartment 1209

No deficiencies found.

Apartment 1210, (IC) Tenant complaining of bad odor. Manager said odor is that of a deceased tenant. Maintenance has been unable to remove odor completely.

Entire Unit:

Clean/disinfect exhaust duct.

Provide smoke detector.

Kitchen:

Replace stove/range.

Replace refrigerator.

(IC) THERE IS NO THIRTEENTH FLOOR.

FOURTEENTH FLOOR APARTMENTS - 1 Bedroom/1 Bathroom, UNO

Apartment 1401

Bedroom:

Repair gypsum board wall.

Paint entire room.

Apartment 1402, Assisted Living Office

Entire Unit:

Replace carpet.

Bedroom:

Provide closet door.

Apartment 1403

Hallway:

Provide closet door and hardware.

Bedroom:

Provide closet door.

Apartment 1406

Entire Unit:

Paint entire unit.

Living Room:

Repair ceilings.

Provide window screen.

Kitchen:

Replace stove/range.

Bedroom:

Repair ceiling.

Paint ceiling.

Apartment 1407

Entire Unit:

Replace carpet.

Replace VCT.

Paint entire unit.

Kitchen:

Replace disposal.

Apartment 1409

No deficiencies found.

Apartment 1410

Entire Unit:

Replace carpet.

Paint entire unit.

Replace smoke detector.

Bathroom:

Caulk lavatory.

Replace toilet.

Kitchen:

Replace refrigerator.

Repair disposal.

Bedroom:

Repair walls.

General Notes (for all work):

1. All work shall be performed in a workmanlike manner and in accordance with good usage and accepted practices. All materials shall be made and installed so they perform in accordance with their intended purposes.
2. Materials installed shall be of such kind and of quality to ensure that the dwelling will provide acceptable durability, economy of maintenance and adequate resistance to weather, moisture, corrosion, and fire.

End of Work Write-Up.

1.1 Findings and Opinions

1.1.1 Site Description

The site is located at 600-632 West Superior Street, in the City of Duluth, St. Louis County, Minnesota 55802. The site is currently occupied by Gateway Tower Apartments. Gateway Tower consists of one 14-story building with 156 units, a salon, various community rooms, maintenance rooms, storage rooms, courtyards, and an asphalt paved parking lot. Adjoining streets include West Superior Street along the west site boundary, West Michigan Street along the east site boundary, and 6th Avenue West along the north site boundary. Roadways and/or highways are also located to the south of the site.

The building is constructed of Exterior Insulation Finishing System (EIFS) exterior walls, flat rubber membrane roof, painted gypsum board interior walls or painted concrete block, acoustical ceiling tiles or textured spray-on ceiling surfacing, carpet or vinyl sheet flooring or vinyl floor tiles, and concrete foundation. The north and south stair wells are constructed with concrete, and the interior building is constructed with metal studs and framing.

1.1.2 Findings & Opinions (de minimu, suspect or known RECs)

Based on the information reviewed and presented in this report, no known recognized environmental conditions were identified for the site.

1.1.3 Conclusions

. . . . This assessment has revealed no indications of recognized environmental conditions in connection with the site.

1.1.4 Other Services

ACM Sampling Program

.....A total of 21 samples were collected from various apartment units and common areas. Of the 21 samples collected 11 were considered to be positive for asbestos. The positive samples were identified as joint compound, vinyl floor tile, floor tile mastic, sink undercoat and ceiling surfacing.

Fungal Growth Sampling Program

. . . . fungal growth samples in areas where visible fungal growth was observed. A total of four samples were collected from various window sills and submitted to an independent laboratory for analysis. A very light presence of *Epicoecum*, *Penicillium/Aspergillus*; a light presence of *Cladosporium*, Hyphal fragments, *Alternaria*; and amoderate presence of Hyphal fragments were detected in the four samples submitted.

Limited Lead Based Paint

. . . . a number of readings from the interiors of various apartment units and various exterior surfaces utilizing and XRF meter. A total of 753 reading were collected at the site. Fifty-five readings indicated positive for lead-based paint.

1.2 Recommendations

The following Recommendations apply to the Findings listed above.

ACM Identified

. . . . recommends that ACMs identified in this report be managed under an Operations & Maintenance (O & M) Plan until renovation or demolition requires the removal and/or abatement of these materials. Note that a limited survey was conducted, and a comprehensive ACM inspection would be necessary to more fully evaluate the presence of ACM throughout the site structure prior to any future renovation and/or demolition activities for this site. Such activities should be undertaken by licensed personnel in accordance with applicable federal, state and local rules and regulations.

Fungal Growth Assessment

. . . . recommends that areas identified as containing fungal growth be removed and replaced during renovation activities. Although attempted to observe reasonable accessible areas for fungal growth, please be advised that all areas could not be accessed during the site reconnaissance.

Certification of Substantial Compliance

Attachment F

TO: The United States Department of Housing and Urban Development

FROM: _____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in _____ (City or Town where project being purchased is located) is/are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By: _____
Purchaser Name

Title

Address

Telephone Number

Date

STATE OF: _____)

COUNTY OF: _____)

Came before me this _____ day of _____, 20____. ~~Notary Seal~~

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address

ATTACHMENT G
PROTECTING TENANTS AT FORECLOSURE ACT OF 2009

Applicable to all foreclosure sales taking place from May 21, 2009, through December 31, 2012

In the case of foreclosure involving any multifamily residential dwelling, the purchaser at foreclosure shall be subject to the following:

1. Any bona fide tenant occupying a unit as of the date of the notice of foreclosure must be given 90 days prior notice to vacate the unit; and
2. Any tenant retains all of its rights as of the date of the notice of foreclosure. These rights include:
 - (A) Any tenant who, on or after the date of the notice of foreclosure, is under a lease agreement entitling the tenant to occupy the premises until the end of the remaining term of the lease, will continue to maintain his/her rights under the lease agreement, except that a purchaser at foreclosure *who will occupy a unit as a primary residence* may, terminate a tenant's lease for that unit, effective on the date of sale, by issuing notice of the termination of tenancy to the tenant at least 90 days prior to the effective date of the notice.
 - (B) Any tenant who is a tenant at will under State law or occupies the unit without a lease retains all of its rights regarding occupancy of the unit, except such tenant may be required by a purchaser at foreclosure to vacate the unit provided that the tenant is given 90 days prior notice by the purchaser at foreclosure.
 - (C) Nothing contained in paragraphs 1 and 2 herein shall affect the requirements for termination of any Federal or State subsidized tenancy or of any State or local law that provides longer time periods or additional protections for tenants, those rights will be retained by the tenant.
3. If the tenant holds a Section 8 voucher and has a lease agreement, the purchaser at foreclosure may terminate the tenancy effective as of the date of the transfer of ownership to the purchaser if (1) the purchaser will occupy the unit as a primary residence and (2) provides the tenant with a notice to vacate at least 90 days before the effective date of the notice.
4. The purchaser at foreclosure will assume its interest in the property subject to: (1) the existing leases between the prior owner and the current tenants; and (2) the existing Housing Assistance Payments contract between the prior owner and the public housing agency for any occupied unit, except that requirements contained in this paragraph 4 and in paragraph 3 shall not affect any State or local law that provides longer time periods or other additional protections for tenants.